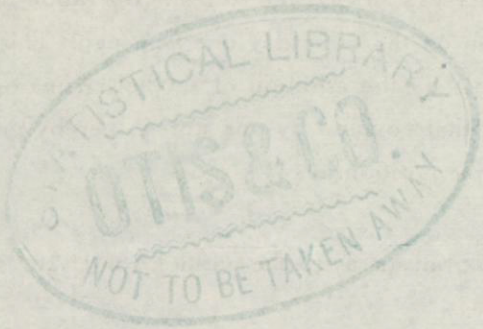
CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

MAR 12 1928

National Tea Co.

ANNUAL REPORT

For the Year Ending
December 31, 1927



Chicago, Ill., March 1st, 1928

1000 CROSBY STREET, CHICAGO, ILLINOIS

March 1st, 1928.

To the Stockholders of the National Tea Co.:

It affords me much pleasure to report the satisfactory results of your Company's operations for the year 1927. You will note from the financial statements that the net profit after deducting Federal Taxes is $2,046,041.00 against $1,585,221.21 for the year 1926.

The sales for the year 1927 totaled $58,801,376.64, exceeding those of 1926 by more than 9½%.

At December 31st, 1927, the stores in operation numbered 1237 or 397 more than on the same day one year ago. This great increase was made possible by the addition of several chains operating in the territory near to that covered by our stores, thereby greatly strengthening our economic position.

I am quite optimistic as to the outlook for 1928.

Yours very truly,

GEO. RASMUSSEN, President.

BALANCE SHEET, DECEMBER 31, 1927

ASSETS

CURRENT ASSETS—		
Cash on Hand and in Banks		$ 1,185,981.20
Accounts Receivable (including $110,000 advanced to National Tea Co., Minneapolis, repaid February 22, 1928)	$ 485,533.48	
Less: Reserve for Bad Debts	20,737.31	464,796.17
Inventories of Merchandise and Supplies on hand and in transit at cost or market whichever is lower		7,439,796.12
Mortgages Receivable (due 1928)		40,520.00
Total Current Assets		$ 9,131,093.49
MORTGAGES RECEIVABLE—		
Due Subsequent to 1928		12,940.00
INVESTMENT IN AND ADVANCES		
To National Tea Company, Minneapolis		359,273.03
PREFERRED STOCK		
National Tea Co., (held for retirement under Sinking Fund Provisions)		133,200.00
PROPERTIES (at cost, less depreciation)—		
Land and Buildings	$5,018,976.71	
Machinery, Fixtures and Equipment	2,863,184.96	
Delivery Equipment	302,819.76	8,184,981.43
GOODWILL		$ 2,079,022.05
DEFFERRED CHARGES—		
Advanced Premiums to Customers, less Reserve	$ 59,081.40	
Prepaid Taxes, Insurance, etc.	108,135.17	
Reorganization Expense, less Proportion written off	309,399.87	476,616.44
		$20,377,126.44

LIABILITIES

CURRENT LIABILITIES—		
Notes Payable—Banks		$ 950,000.00
Accounts Payable—		
Trade	$2,131,021.46	
Officers	125,872.72	
Pay Roll and Commissions	170,029.55	
Interest and Taxes	255,491.78	
Employes' Deposits	8,240.11	
Dividends Accrued	193,382.08	
Provision for Federal Income Tax—Estimated	344,209.82	3,228,247.52
PURCHASE MONEY OBLIGATIONS—		
Due 1928		160,500.00
Commercial Letters of Credit (Secured by Trust Receipts and Coffee in Transit)		598,877.10
Total Current Liabilities		$ 4,937,624.62
PURCHASE MONEY OBLIGATIONS—		
Due Subsequent to 1928		1,429,000.00
NOTES PAYABLE TO STOCKHOLDERS—		
Due 1929		125,000.00
CONTINGENT RESERVE		47,327.55
PREFERRED STOCK 6½% CUMULATIVE—		
Authorized 50,000 shares of $100 each	$5,000,000.00	
Shares Issued	42,500 $4,250,000.00	
Less: Shares Retired	1,123 112,300.00	
Outstanding	41,377	4,137,700.00
COMMON STOCK—		
Authorized and Issued 150,000 shares of no par value		1,537,139.20
SURPLUS AS PER STATEMENT ATTACHED		8,163,335.07
		$20,377,126.44

(Continued on the following page)

INCOME AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1927

Sales		$58,801,376.64
Net Operating Profit		$ 2,329,041.00
Add: Stock Dividend, National Tea Co., Minneapolis		50,000.00
Net Profit before deducting Federal Income Tax		$ 2,379,041.00
Estimated Federal Income Tax		333,000.00
Net Profit after deducting Federal Income Tax		$ 2,046,041.00
Less: Dividends		
Common	$ 597,682.00	
Preferred	219,662.90	817,344.90
Net Addition to Surplus for year ending December 31, 1927		$ 1,228,696.10
Surplus, January 1, 1927:		
Earned	$4,934,638.97	
Capital	2,000,000.00	6,934,638.97
Surplus, December 31, 1927, as per Balance Sheet		$ 8,163,335.07

We have examined the books and records of the National Tea Co. and its subsidiaries for the year ending December 31, 1927, and we certify that, in our opinion, the above Consolidated Balance Sheet and relative Income and Surplus Account correctly set forth the financial condition of the Company as at December 31, 1927, and the results from operation for the year to that date and that they are in accordance with the books. The inventories of merchandise have been taken and valued by the Company's officials at cost or market price, whichever was lower. Sinking Fund Requirements for the retirement of Preferred Stock have been complied with.

ARTHUR YOUNG & COMPANY,
Certified Public Accountants

March 1, 1928